

8 July 2016

Dear Adviser,

IML is pleased to announce another solid year for our investors. All funds delivered fairly healthy returns for the year ended 30 June 2016, whilst the broader ASX300 Accumulation Index delivered a lacklustre +1% in another fairly volatile year for sharemarkets both here and overseas

Despite the volatility, our Funds continued to do well thanks to our continued focus on quality stocks that display the criteria of; competitive advantage, recurring earnings, capable management, that we believe that can grow in the years ahead and are trading at reasonable prices.

With this in mind, we are pleased to announce that all of IML's Funds have recently paid their final distributions for the year ended 30 June 2016 to investors. IML's funds now have an 18 year history of paying regular and healthy distributions to unitholders, a statistic which we are very pleased about.

The distribution details for the June period as well as the overall 2015/16 financial year are shown below:

	APIR	June 30 Distribution (cpu)	Total full year distribution (cpu)	Franking level*	Distribution Yield for Full Year(net)***
Australian Share Fund	IML0002AU	3.3704	9.3704	82.78%	3.25%
Industrial Share Fund	IML0004AU	6.2476	10.2476	55.91%	5.84%
Future Leaders Fund	IML0003AU	9.2179	15.2179	14.23%	13.27%
Small Caps Fund	IML0006AU	7.4312	13.4312	17.64%	9.98%
Smaller Companies Fund	IML0001AU	18.8385	31.8385	13.96%	15.95%
Equity Income Fund	IML0005AU	2.9267	7.7267	37.12%	7.39%
Concentrated Australian Share Fund	IML0010AU	2.3555	3.8555	50.63%	2.73%

* Franking Level based on total distribution ** Refer to table attached below for complete tax breakdown of the distributions *** Full year distribution as a percentage of the application price as at 30 June 2015.

Distribution Comments:

- **The Australian Share Fund** continued its solid track record of delivering investors a consistent distribution with a healthy level of franking credits.
- **The Equity Income Fund** continued to deliver on its objective of paying a consistently high level of quarterly income to its unit holders derived from dividends received from the holdings in the Fund complemented by the prudent use of options.
- As detailed in our December distribution letter, the distributions for the **IML's Future Leaders & Small Cap Funds** were higher this year than previously as they includes a significant portion of realised capital gains crystallised by these 3 Funds. This occurred due to the takeover of Energy Developments (ENE), a long term IML holding that was taken over October 2015, which was; an excellent outcome for our investors. The higher distributions also reflect the taking of profits on a number of other smaller-cap stocks which rallied strongly over the last 12 months including companies such as Australian Pharmaceutical Industries (API) and Events Hospitality (EVT) (previously Amalgamated Holdings).

More broadly, with economic growth globally looking lacklustre and interest rates set to stay low for a while longer, we believe it will continue to remain a very selective environment. For this reason, well managed companies that can grow their earnings and pay healthy dividend streams will continue to be well sought after by investors in the coming years.

We believe IML's portfolios remain well positioned in this environment. We continue to focus on quality companies whose recurring earnings streams should enable these companies to continue to pay consistent levels of dividends going forward, despite the very uncertain economic environment in many parts of the world.

The separate table attached may be of use to you when discussing our distributions with your clients as it gives a detailed tax breakdown of the distributions for all our Funds.

Yours sincerely,



Anton Tagliaferro
Investment Director, Investors Mutual Limited



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IML Fund	Components of full year Distribution - 30 June 2016						
	APIR	Dividend Income	Interest Income	Other Income	Foreign Income	Net Capital Gains	Tax deferred
Australian Share Fund	IML0002AU	46.52%	3.57%	0.00%	9.11%	36.57%	4.23%
Industrial Share Fund	IML0004AU	35.52%	1.74%	0.04%	3.69%	54.92%	4.10%
Future Leaders Fund	IML0003AU	15.86%	2.43%	1.17%	4.30%	72.96%	3.28%
Small Caps Fund	IML0006AU	19.69%	3.36%	2.49%	5.80%	64.66%	4.00%
Smaller Companies Fund	IML0001AU	14.29%	1.34%	1.03%	4.09%	76.01%	3.24%
Equity Income Fund	IML0005AU	37.97%	8.40%	47.95%	2.90%	0.07%	2.71%
Concentrated Australian Share Fund	IML0010AU	36.25%	8.81%	10.88%	14.10%	24.88%	5.09%